

Mr. Harold L. Brownman
Deputy Director for
Management and Services
Washington, D.C. 20505

Dear Mr. Brownman:

We are pleased to submit to you a report of our review of the Agency's internal audit functions. Our review was conducted in accordance with our proposal dated October 9, 1973, and the provisions of contract dated October 15, 1973.

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Very truly yours,

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Certified Public Accountants

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HIGHLIGHTS

The results of our review of internal auditing in the CIA are presented in detail in the following report. Some of our conclusions include:

- the overall internal audit effort in CIA is adequate to safeguard Agency assets and ensure administrative compliance with laws and regulations.
- Agency auditors are generally well-qualified, well-trained, professionally competent and, for the present, adequate in numbers.
- to conform to overall federal policy, and to more effectively use the audit resources available, Agency management should encourage broader audit coverage of the economy, efficiency and effectiveness with which its programs are carried out, and consider modifying its policy requiring annual financial audit of all activities.
- Agency management should capitalize on a ready source of management talent by considering upper level auditors for management positions in operational areas.
- articulated quality assurance policies, would help to maintain high standards for audit performance.
- continued operation of the Audit Staff covert public accounting firm may become uneconomic if changes are made in the Agency audit policy.
- the Commercial Systems and Audit Division may be able to shift the emphasis of its audits somewhat to provide more useful information to procurement personnel.

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